

**Town Council Minutes  
Morehead City, North Carolina**

**Tuesday, February 11, 2014**

The Honorable Council of the Town of Morehead City met in Regular Session on Tuesday, February 11, 2014, at 5:30 p.m., in the Municipal Chambers located at 202 South 8<sup>th</sup> Street, Morehead City, North Carolina. Those in attendance were:

MAYOR:	Gerald A. Jones, Jr.
MAYOR PRO-TEM:	George W. Ballou
COUNCIL:	William F. Taylor
	Demus L. Thompson
	Harvey N. Walker, Jr.
	Diane C. Warrender
CITY MANAGER:	David S. Whitlow
CITY CLERK:	Jeanne M. Giblin
CITY ATTORNEY'S OFFICE:	Nelson W. Taylor, III; Derek Taylor; Mike Thomas
OTHERS:	Gary Ridgeway; Mark Hibbs, Reporter, THE
CARTERET NEWS TIMES; Planning Director Linda Staab; Public Works Director David McCabe	

**I. Regular Meeting Call to Order, Invocation and Pledge of Allegiance**

Mayor Jones called the meeting to order at 5:30 p.m. Councilman Thompson gave the invocation and all joined in The Pledge of Allegiance.

***Councilman Ballou MOVED, seconded by Councilman Taylor, and carried unanimously, to add Item III.J. Adopt Resolution 2014-10 Supporting Initiation of the Pamlico Sound Regional Hazard Mitigation Plan Planning Process to the CONSENT AGENDA.***

**II. Presentation of the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013 – Gary Ridgeway and of McGladrey, LLP**

Gary Ridgeway from McGladrey, LLP, auditors for the Town of Morehead City, presented the FY2012/2013 Audit. The Administration and Finance Committee of the Council received this information at their meeting on February 4, 2014.

Mr. Ridgeway stated that his company gave the audit a clean opinion, which is the highest qualified statement for an audit. He explained that page 14 of the Management's Discussion and Analysis details the financial highlights which provides the basic information for the residents on the status of Morehead City. He explained that Standard 63 was changed in the manner of accounting for assets and liabilities in order to present a clearer picture. This change was reflected in the Financial Statements this year which is illustrated on page 26. At the end of the current fiscal year unassigned fund balance for the General Fund was \$3.4 million or approximately 34.7 percent of General Fund expenditures and transfers out for the fiscal year, and is available for spending at the government's discretion.

Mr. Ridgeway continued that there was not a lot of change in the figures assigned at the beginning of the budget when compared to the final budget outcome which demonstrates that management has a good handle on the reality of the City's income and expenditures. Expenditures were kept as minimum as possible which reveals efficient use of the City's money. He commented that Morehead City is in good financial shape.

Mayor Jones recognized Financial Director Ellen Sewell and the Finance Department in addition to City Manager David Whitlow and the other Department Heads for their help in the auditing process. He also recognized the Council for their commitment and sound leadership of all the City's affairs and finances.

***Councilman Thompson MOVED, seconded by Councilwoman Warrender, and carried unanimously, to accept the FY2012/2013 Audit for the Town of Morehead City as presented.***

***Councilwoman Warrender requested to Remove Item III.E. Approve the Application of a North Carolina Curbside Recycling Roll-Out Cart Grant from the CONSENT AGENDA and placed as Item V.C. under New Business.***

### **III. Adoption of the CONSENT AGENDA**

#### **III.A. Approval of Minutes: Tuesday, January 14, 2014 – Regular Meeting**

*Approved the minutes of Tuesday, January 14, 2014, Regular Meeting and dispensed with the reading.*

#### **III.B. Approve the Requests for Release of Overpayment of Ad Valorem Taxes for January 2014, in the amount of \$2,940.16; and Accept the Tax Collector and Finance Director Reports for January 2014**

*Approved the requests for release of overpayment of ad valorem taxes for January, 2014, in the amount of \$2,940.16; and accepted the Tax Collector and Finance Director Reports for January 2014. [The requests for release of overpayment of ad valorem taxes and the Tax Collector and Finance Director Reports for January 2014, are attached to and made a part of these minutes herein by reference.]*

#### **III.C. Submittal of 2013 Delinquent Real Estate and Personal Property Tax Lists as per G.S. 105-369[a] including Interest Due and Authorize Tax Collector to Post and Advertise the 2013 Delinquent Tax List**

*Approved the submittal of 2013 Delinquent Real Estate and Personal Property Tax lists as per G.S. 105-369[a] including interest due and authorized the Tax Collector to post and advertise the 2013 Delinquent Tax List. [The 2013 Delinquent Real Estate and Personal Property Tax Lists and the authorization to post and advertise the 2013 Delinquent Tax List are attached to these minutes and incorporated herein by reference.]*

#### **III.D. Adoption of the FY2014/2015 Budget Calendar**

*Adopted the FY2014/2015 Budget Calendar as presented. [The FY2014/2015 Budget Calendar is attached to and made a part of these minutes herein by reference.]*

#### **III.E. Approve the Application of a North Carolina Curbside Recycling Roll-Out Cart Grant – *Removed from the Consent Agenda and placed as Item V.C. under New Business***

#### **III.F. Adopt Resolution 2014-05 Endorsing the Sixth Annual Crystal Coast Boat Show and Authorizing Action Necessary for the Event to be held May 16, 17 and 18, 2014 on the Morehead City Waterfront**

The Downtown Morehead City Revitalization Association [DMCRA] requested the use of Jaycee Park and the adjacent riparian area and docks, Katherine Davis Park, the 6<sup>th</sup> Street riparian area day docks, the Train Depot, the Municipal Building parking lot at 202 South 8<sup>th</sup> Street and other ancillary areas and services to hold the Sixth Annual Crystal Coast Boat Show on May 16, 17 and 18, 2014. The event includes an in-water and land boat and yacht show, family oriented educational programs, an art show and associated gala events. The show promotes Morehead City and raises money in support of downtown revitalization efforts and worthwhile community projects within the township. The Public Works Committee of the Council reviewed the request and recommended approval.

*Adopted Resolution 2014-05 Endorsing the Sixth Annual Crystal Coast Boat Show and Authorizing action necessary for the event to be held May 16, 17 and 18, 2014, on the Morehead City Waterfront. [Resolution 2014-05 is attached to and made a part of these minutes herein by reference.]*

#### **III.G. Adopt Resolution 2014-06 Endorsing the “Alive at Five” Events and Authorizing Action Necessary for the Events to be held May 2, June 6, June 19, July 3, July 17, August 1 and August 29, 2014, on the Morehead City Waterfront**

The Downtown Morehead City Revitalization Association [DMCRA], with the support of several downtown businesses, in an effort to attract more people to downtown Morehead City, proposed the continuation of the “Alive at Five” concert series in Katherine Davis Park. The concerts are to be held on May 2, June 6, June 19, July 3, July 17, August 1 and August 29, 2014, from 5:00 p.m. to 8:30 p.m. The event is to provide family entertainment and to sell beverages in a defined area in accordance with all state, county and municipal laws with the proceeds used to fund the event. The DMCRA will be solely responsible for any state permits required. This is the sixth year for the concert series which has been very successful. The DMCRA is requesting the use of Katherine Davis Park and ancillary services. The Public Works Committee of the Council reviewed the request and recommended approval.

*Adopted Resolution 2014-06 Endorsing the “Alive at Five” Events and Authorizing action necessary for the events to be held May 2, June 6, June 19, July 3, July 17, August 1 and August 29, 2014, on the Morehead City Waterfront. [Resolution 2014-06 is attached to and made a part of these minutes herein by reference.]*

**III.H. Adopt Resolution 2014-07 Endorsing the Reelin’ for Research, Inc. Fishing Tournament and Authorizing Action Necessary for the Event to be held on Saturday, May 3, 2014, on the Morehead City Waterfront**

Reelin’ for Research, Inc., Fishing Tournament is an annual event that raises money for the North Carolina Children’s Promise, a statewide initiative, which is a year round campaign to promote the North Carolina Children’s Hospital. The tournament events will be held on Saturday, May 3<sup>rd</sup>, 2014, at Chef’s 105 Restaurant, Jack’s Waterfront Bar and the 6<sup>th</sup> Street boat day docks on the Morehead City waterfront. The Public Works Committee of the Council reviewed the request at their last meeting and recommended approval.

*Adopt Resolution 2014-07 Endorsing the Reelin’ for Research, Inc. Fishing Tournament and Authorizing action necessary for the event to be held on Saturday, May 3, 2014, on the Morehead City Waterfront. [Resolution 2014-07 is attached to and made a part of these minutes herein by reference.]*

**III.I. Adopt Resolution 2014-08 Opposing the Proposed Coastal Homeowner’s Insurance Rate Increase**

On January 3, 2014, the North Carolina Rate Bureau filed with the North Carolina Department of Insurance requesting a statewide rate increase for homeowner’s insurance. These insurance companies represented by the North Carolina Rate Bureau just received an increase in July 2014. There is a significant disparity in homeowner’s insurance rates across North Carolina and this disparity is unfair to homeowners in coastal North Carolina. The resolution strongly encourages the North Carolina Commissioner of Insurance to reject the proposed insurance rate increases.

*Adopted Resolution 2014-08 Opposing the proposed coastal homeowner’s insurance rate increase. [Resolution 2014-08 is attached to and made a part of these minutes herein by reference.]*

**III.J. Adopt Resolution 2014-10 Supporting Initiation of the Pamlico Sound Regional Hazard Mitigation Plan Planning Process**

Morehead City is participating in the Pamlico Sound Regional Hazard Mitigation Plan. The federal and state governments require that each local government in North Carolina adopt and maintain a hazard mitigation/flood management plan. The Pamlico River Sound Regional Hazard Mitigation Plan will be completed by February 2015 and will support Morehead City’s efforts relating to FEMA [Federal Emergency Management Act] Community Rating System points.

*Adopt Resolution 2014-10 Supporting Initiation of the Pamlico Sound Regional Hazard Mitigation Plan Planning Process. [Resolution 2014-10 is attached to and made a part of these minutes herein by reference.]*

***Councilman Taylor MOVED, seconded by Councilman Ballou, and carried unanimously, to adopt the CONSENT AGENDA in one [1] motion with the exception of Item III.E. which was placed as Item V.C. under New Business.***

**IV.A. Public Hearing: Request submitted by Jon Lewis, agent for J-JAN Landscape Services, to Amend Articles 2-2, 11-1 and 20-3.3(U) of the Unified Development Ordinance to Add “Garden Center” as a Permitted Use in the Highway Commercial [CH] District and to Add a Definition and Parking Requirements for Garden Centers – Adopt Resolution 2014-02 and Ordinance 2014-06**

Planning Director Staab reported that a request was submitted by Mr. Lewis to amend Article 11 to allow garden center as a permitted use in the Highway Commercial District.

**Article 11-1 Table of Permissible Uses:**

<i>Use/District</i>	<i>(definition)</i>	R5	R5S	R7	R10	R15	R15M	R15S	R20	RMF	O&P	PD	MA	CD	CM	DB	CN	CH	CS	IU	IP	FP	IC
<a href="#">Garden center</a>	<a href="#">Yes</a>																	<b>P</b>					

**Article 2-2 Definitions:**

*Garden center.* An establishment engaged in indoor and/or outdoor retailing of nursery and garden products, such as trees, shrubs, plants, seeds, bulbs, sod, mulch, and pine straw. Garden centers may be associated with a landscaping business providing offsite landscaping services.

**Article 20-3.3(U) Off-Street Parking and Service Requirements:**

*Retail, low volume sales (i.e. furniture stores, carpet stores, manufactured home sales, boat sales, car sales, [garden center](#)).* One (1) space per four hundred fifty (450) square feet of gross floor area.

At the Planning Board Meeting on January 21, 2014, Tom Saunders made the MOTION, seconded by Gordon Thayer, and carried unanimously, to recommend approval of the proposed ordinance and adopted Planning Board Resolution 2014-0001. The Planning Committee of the Council reviewed the proposed ordinance.

Mayor Jones opened the public hearing. No one spoke for or against the proposed ordinance.

Mayor Jones closed the public hearing.

***Councilman Thompson MOVED, seconded by Councilwoman Warrender, and carried unanimously, to grant the request submitted by Jon Lewis, agent for J-JAN Landscape Services, to amend Articles 2-2, 11-1 and 20-3.3(U) of the Unified Development Ordinance to add “Garden Center” as a Permitted Use in the Highway Commercial [CH] District and to add a definition and parking requirements for Garden Centers and Adopt Resolution 2014-02 and Ordinance 2014-06.*** [Resolution 2014-02 is attached to and made a part of these minutes herein by reference. Ordinance 2014-06 is attached to Ordinance Book #7 in the vault.]

**IV.B. Public Hearing: City Initiated Request to Amend Article 12-2.5(D) of the Unified Development Ordinance [UDO] as a Result of State Legislation Related to Sidewalk Cafes and to Remove a Requirement that Sidewalk Café Operations only Operate Certain Times of the Year – Adopt Resolution 2014-03 and Ordinance 2014-07**

Planning Director Staab reported that since the adoption of Morehead City’s sidewalk café regulations, the General Assembly has enacted requirements for sidewalk cafes located along state rights-of-way. In order to provide consistency, it is necessary to revise Morehead City’s Unified Development Ordinance in accordance with the legislative amendments.

The primary changes with potential to impact existing sidewalk café operations include:

- The NCDOT must be listed in any insurance documentation and the indemnity agreement.
- A minimum 5 foot pedestrian way must be provided in lieu of the otherwise required 4 feet.
- Sidewalk café operations located along state rights-of-way must be associated with a restaurant as defined in the General Statutes: at least 30 percent of sales must be

from food and nonalcoholic beverages and the restaurant must provide seating for a least 36 customers.

Also included in the proposed amendment is a clerical change eliminating a requirement that sidewalk cafes only operate from March through November.

At the Planning Board Meeting on January 21, 2014, Gordon Thayer made the MOTION, seconded by Jackie Maucher, and carried unanimously, to recommend approval of the request and to adopt Planning Board Resolution No. 2014-0002. The Planning Committee of the Council reviewed the request.

Planning Director Staab reported that restaurants which would be impacted by the proposed ordinance were contacted and were fine with the change. The proposed ordinance only refers to the businesses on Arendell Street.

Mayor Jones opened the public hearing. No one spoke for or against the proposed ordinance.

Mayor Jones closed the public hearing.

***Councilman Thompson MOVED, seconded by Councilman Ballou, and carried unanimously, to grant the City initiated request to amend Article 12-2.5(D) of the Unified Development Ordinance [UDO] as a result of state legislation related to Sidewalk Cafes and to remove a requirement that Sidewalk Café operations only operate certain times of the year, and adopt Resolution 2014-03 and Ordinance 2014-07.*** [Resolution 2014-03 is attached to and made a part of these minutes herein by reference. Ordinance 2014-07 is attached to Ordinance Book #7 in the vault.]

**V.A. New Business: Request Public Comments and Consideration Adoption of Resolution 2014-04 in Support of CAMA Public Beach and Coastal Water Access Grant Application for Downtown Morehead City Water Access Project [Jib Plaza]**

City Manager Whitlow reported that City staff was recently approached by CAMA [Coastal Area Management Act] staff concerning submittal of a fast-track CAMA application to continue development of the Jib property project. Currently, \$950,000 of funding is available from this source statewide. Staff is awaiting the updated estimate from Maggie Chalk, the architect on this project. The most current estimate of Phase II is \$506,000. If approved, a 25 percent local match would be required. There are sufficient funds available in the fund balance to support the grant match and to ensure the fund balance stays well above the City's targeted minimum. The application is due February 28, 2014. The Planning Committee of the Council reviewed the proposed grant at their last meeting.

City Manager Whitlow explained that in addition to the possible \$200,000 from the CAMA grant there is funding available through the North Carolina Eastern Regional Development Trust Funds [NCER]. Carteret County Manager Russell Overman advised that no other municipal was seeking the use of these funds which are available to Carteret County. City Manager Whitlow estimated that the figure of \$607,000 was the cost for this phase of the jib program and recommended tapping into this Eastern Alliance [Eastern Carolina Economic Program] to fund \$407,000 for the project. The application has a June 30<sup>th</sup> closing date, the funds if not requested would revert back to the state. The funding for the \$407,000 would be in the form of a five [5] year loan with 0 percent interest. The payment for Morehead City would be \$81,000 a year for five [5] years. The funding must be applied for by a county entity and County Manager Overman has indicated Carteret County's willingness to apply for Morehead City.

The Finance & Administration Committee of the Council reviewed and recommended applying for this additional funding. Finance Director Ellen Sewell endorsed applying for this grant because of little cost to the community.

Mayor Jones requested citizen comments. No one spoke for or against the proposed funding.

Councilman Ballou questioned what the next procedure would be if the City were not to receive the proposed funding.

City Manager Whitlow explained that the grant was a noncompetitive loan, Carteret County Commissioners were receptive to the proposal and no other entity was seeking the grant. The award of these funds would construct Phase II of the jib project. The county would apply for the loan and Morehead City would enter into an agreement with the county. City Manager Whitlow stated he would write the Carteret County Commissioners the intentions of the Morehead City Council.

***Councilman Ballou MOVED, seconded by Council Taylor, and carried unanimously, to adopt Resolution 2014-04 in Support of CAMA Public Beach and Coastal Water Access Grant Application for Downtown Morehead City Water Access Project [Jib Plaza]. In addition, by consensus the Council agreed to have City Manager Whitlow approach Carteret County to apply for the Town of Morehead City for the use of the funds through the North Carolina Eastern Regional Development Trust Fund. [Resolution 2014-04 is attached to and made a part of these minutes herein by reference.]***

**V.B. New Business: Adopt Resolution 2014-09 Endorsing the North Carolina Offshore Challenge Fishing Tournament and Authorizing Action Necessary for the Event to be held May 16, 17 & 18, 2014, on the Morehead City Waterfront**

City Manager Whitlow reported that this was the fourth year that Morehead City has held the North Carolina Offshore Challenge Fishing Tournament. The activities will be centered at Captain Bill's Restaurant at 701 Evans Street. The Public Works Committee of the Council reviewed the request at their last meeting and offered no recommendation because the dates for this tournament are in conflict with the Crystal Coast Boat Show. Because of the conflict, this tournament has moved the event onto private property namely, Captain Bill's Restaurant, and therefore, was not requesting the use of any public property.

Councilman Taylor recommended that a procedure be set by City policy to handle these types of requests and the subsequent arrangements.

***Councilman Taylor MOVED, seconded by Councilman Ballou, and carried unanimously, to adopt Resolution 2014-09 Endorsing the North Carolina Offshore Challenge Fishing Tournament and Authorizing action necessary for the event to be held May 16, 17 & 18, 2014, on the Morehead City Waterfront on the private property of Captain Bill's Restaurant. [Resolution 2014-09 is attached to and made a part of these minutes herein by reference.]***

**V.C. New Business: Approve the Application of a North Carolina Curbside Recycling Roll-Out Cart Grant**

The Public Works Committee of the Council was recently updated on a potential application with the Division of Environmental Assistance & Outreach [DEAO] to transition the City's existing curbside recycle bins to 95 gallon roll-out recycling carts. The DEAO will reimburse grantees for the direct purchase of carts, not to exceed \$25 per roll-out cart, up to a maximum of \$75,000. The City currently has approximately 3,600 solid waste accounts and is proposing the conversion for all accounts. Estimated cost for the purchase of the recycling carts is \$180,000. If the City is awarded the grant, DEAO will reimburse the City \$75,000. Money for the transition is available in the Solid Waste Unappropriated Reserve Fund.

As a result of the transition the collection frequency would change from every week to a bi-weekly collection which provides a savings in our contracted services. Early discussions with our solid waste/recycling contractor indicate savings sufficient to reimburse the reserve fund in five [5] years and avoid an increase in our monthly user fee. These negotiations are ongoing.

The rollout cart would be similar to our current roll out carts except blue in color. The large wheels are designed to navigate curbs and steps easily. The base is designed to prevent winds from blowing the recycling container over. Additional recycling materials such as phone books and corrugated cardboard can be added to the list of materials accepted for recycling.

Public Works Director David McCabe also revisited the information received from the City's solid waste contractor, Waste Industries, pertaining to the pilot program conducted in

the Calico Drive, Emeline Place neighborhoods last summer which provided evidence sufficient to determine the transition workable.

The Public Works Committee recommended requesting authorization from the City Council to submit the application for the grant.

Councilwoman Warrender requested an explanation of the report and voiced her concern that not everyone who received a container would participate in recycling. She had further concerns for the costs of providing a rollout cart for those residents. She acknowledged that the public in general also needed to be educated on what and how to recycle.

Public Works Director David McCabe stated if a resident did not want the roll-out cart, the City would store extras. This proposed program would control the dumping cost of the City's recycling by going to an every other week cycle. The City was trying to acquire the carts for \$50 apiece. City staff was still working with the contractor on the savings and trying to get the best deal possible by going to twice a month recycling.

City Manager Whitlow explained that the City tested the program in a small area and then extrapolated the results for what it would be like for the entire City.

***Councilman Taylor MOVED, seconded by Councilman Ballou, and carried unanimously, to approve the application of a North Carolina Recycling Roll-Out Cart Grant.***

## **VI. Citizen Requests/Comments**

Planning Director Staab wanted it to be mentioned that Richard Schrader of the Morehead City Water Department helped the staff at City Hall clean their cars off today from the ice and snow which had accumulated.

### **VII.A. City Manager's Report: Artificial Ice Rink Report**

City Manager Whitlow explained the financial report on the artificial ice rink that was placed in Katherine Davis Park over the month of December 2013. Data shows that the rink was much more successful after the children were on school break. Recreation Director Craig Lands recommended that the 2014-15 rink (if funded) should be over a smaller rental period. He recommended that the rink operate from Friday, December 19 – Sunday, January 4 during the school system Christmas Break; the school system has early release on Friday, December 19 and students return to school on Monday, January 5. This shorter rental period (17 days) would reduce rink rental costs (even if the rink size was to be increased) and allow the City to offer 105 sessions (7 daily for 15 days), weather permitting.

City Manager Whitlow commented that the estimates were on target with the costs versus what the revenues would be. This project received positive comments, great publicity and a number of people have requested it again for next year. His recommendation would be to limit the timeframe to a two [2] week period and enlarge the rink.

Mayor Jones commented that he has been contacted by various groups who want to participate and help decorate the site.

### **VII.B. Schedule for Work Sessions**

City Manager Whitlow presented the schedule for proposed budget work sessions for FY2014/2015.

## **VIII. Council Requests/Comments: None**

## **IX. CLOSED SESSION as per G.S. 143.318.11[a][3] to Approve the CLOSED SESSION MINUTES of Tuesday, January 14, 2014, and to Receive an Update on the Martin vs. Town of Morehead City Litigation from the City Attorney**

There was no CLOSED SESSION.

## **X. Adjourn**

There being no further business, the meeting was adjourned at 6:30 p.m.

Attest:

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Jeanne M. Giblin, City Clerk

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Gerald A. Jones, Jr., Mayor